



REVENUE (General Fund)

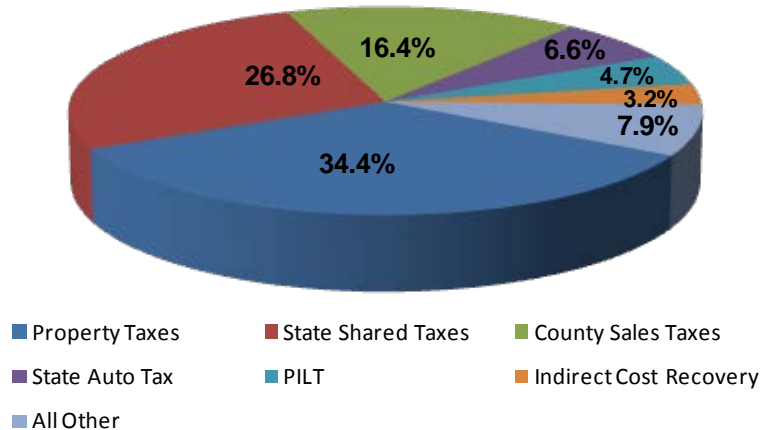
PURPOSE OF SECTION

To familiarize the users of this document with the variety of the County's revenue sources that support the general fund. This section includes various trends and methods of assessing, levying, and collecting of these revenue sources.

TOP SIX SOURCES

The following are the top six revenue sources for the general fund for Fiscal Year (FY) 2015-2016. The first percentage is for FY 2015-2016 and in parenthesis is the rank and percentage for the prior FY 2014-2015:

- #1 County property tax – 34.4 % (1st @ 33.6%)
- #2 State shared tax (TPT) – 26.8% (2nd @ 27.2%)
- #3 County sales tax (TPT) – 16.4% (3rd @ 16.8%)
- #4 State auto tax – 6.6% (4th @ 6.5%)
- #5 Federal payment in lieu of tax (PILT) – 4.7% (5th @ 4.6%)
- #6 Indirect cost recovery – 3.2% (6th @ 3.1%)



A general explanation of all these major revenues and the details on how the County levies, assesses and collects them is in the following pages.

Ninety two point one percent (92.1%) of the general fund revenue is comprised of these six sources. These are the same top six sources as last fiscal year, and are the major indicators of the County's revenue outlook.

County property taxes and state shared transaction privilege (sales) taxes are the top two revenue sources. When combined they account for 61.2% of the general fund's total revenue.

County transaction privilege (sales) taxes and automobile taxes account for 23.0% of total revenue sources. The County's indirect cost recovery plan and the Federal payment in lieu of tax (PILT) are 3.2% and 4.7%, respectively, of the general fund's total revenue.

FY 2015-2016 budgeted revenue increases 3.33% over the prior year projected actual revenue. Due to the slow rate of growth in the economy, it is anticipated that the rate of growth in all sources of revenues will continue to be limited.

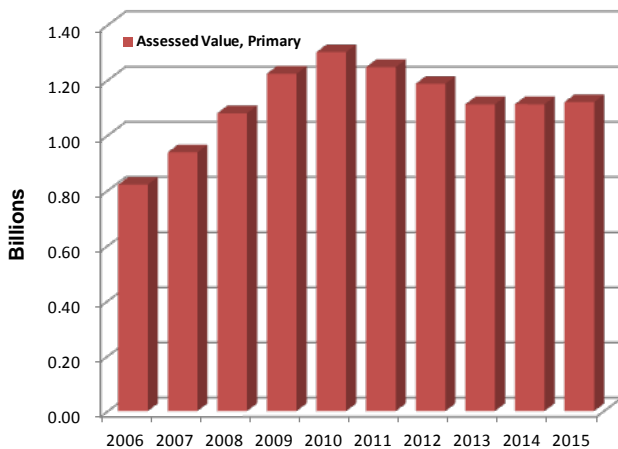


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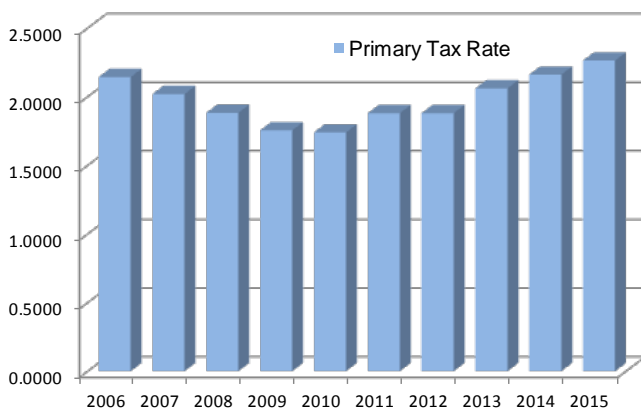
PROPERTY TAX

The net primary assessed valuation for tax year 2015 (FY 2015/16) shows a small increase from tax year 2014 (FY2014/15). This year, the net assessed valuation increased by \$7,891,767 to \$1.12 billion with 3.31%, or \$37,067,684, attributed to new construction. The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund).

Net primary assessed valuation has decreased (13.9%) or (\$180,990,933) as compared to FY2010/11. The graph below shows a ten year history of the County's net primary assessed valuations by Tax Year.



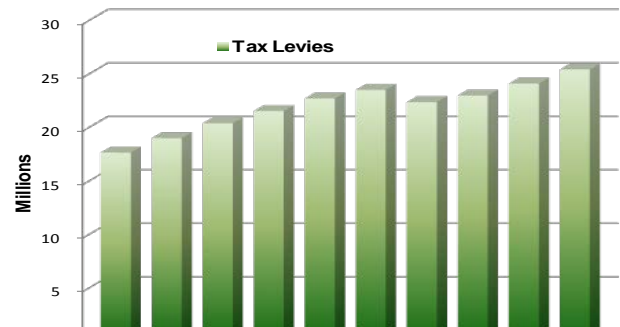
The graph below shows the County's ten year history of primary property tax rates (general fund) by Tax Year.



The graph below shows the County's primary property levies for the past ten (10) years by Tax Year.

Note: The tax year is the calendar year in which the tax is levied rather than the government's fiscal year. For example:

- Tax year 2014 is the tax levied in calendar year 2014 (August 2014) for the fiscal year 2014/2015 budget (beginning July 1, 2014 and ending June 30, 2015).



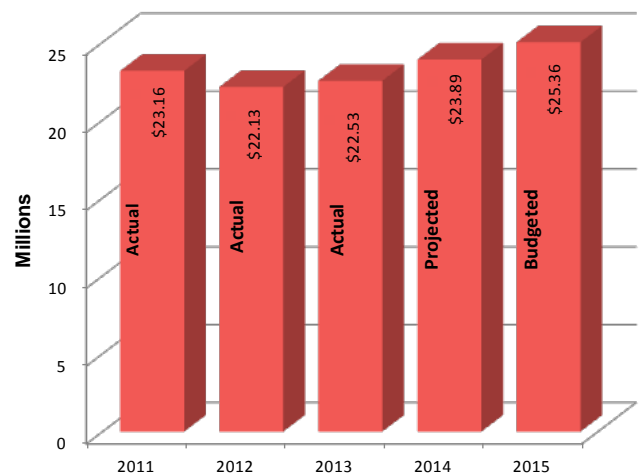
Property tax revenue:

The anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 99.4\% \text{ collection rate}$$

Primary property tax revenues of \$25.4 million accounts for 34.4% of the general fund revenue; It is estimated to increase by 6.2% or \$1.5 million compared to last tax year (2014).

The graph below illustrates a five year history of the County's property tax revenues by Tax Year.





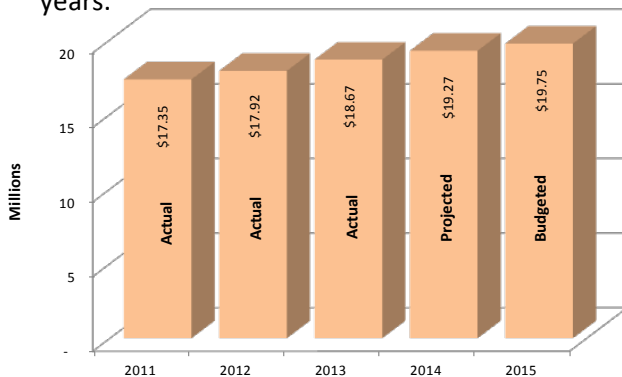
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STATE SHARED TAX (TPT)

The State's transaction privilege (sales) tax rate on most taxable activities is 6.6% with several minor categories having tax rates ranging from 3.5% to 6.5%. An appropriated portion of this revenue is *shared* among Arizona counties, cities and towns. The tax is collected by Arizona Department of Revenue which is then allocated and distributed to counties, cities and towns based on their population. The non-*shared* portion of the tax is collected and allocated solely to the state.

State shared sales tax revenues of \$19.7 million accounts for approximately 26.8% of the general fund revenue. This is a 2.5% increase over the prior year's projections.

The chart below shows state shared transaction privilege (sales) tax revenues over the last five tax years.



COUNTY TPT (SALES TAX)

The County has a 0.50% transaction privilege (sales) tax for general uses. There are various transaction categories where a local transaction privilege (sales) tax is applied: mining, communications and utilities, transportation and warehousing, retail, rental and leasing, restaurant and bar, hotels, services, arts and entertainment, and construction.

The County transaction privilege (sales) tax revenues of \$12.1 million accounts for approximately 16.4% of the general fund revenue.

COUNTY TPT (SALES TAX)-Concluded

Total County transaction privilege (sales) taxes are budgeted to increase 2.0% or \$237,374 over the last year, and are estimated to exceed budget this fiscal year based on current projections.

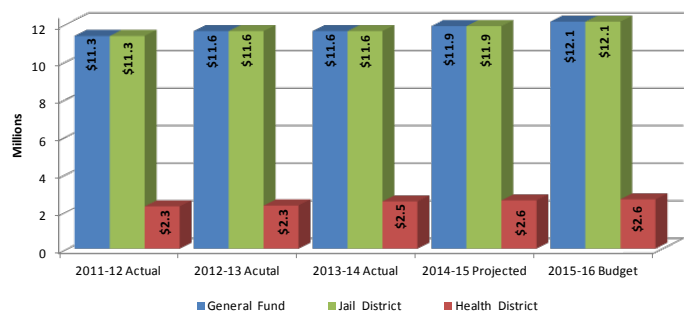
By far the best year for sales tax collections for the County was during fiscal year 2006-07 and, although history shows an increase in collections over the last four years, current budget is still 3% below as compared to FY 2006-07. It has been a slow recovery for the County and it is expected to continue with this trend for a few more years as the local economy slowly recovers.

Over the last five fiscal years the general fund and the other two collecting districts (Jail 0.50% and Health 0.112%) have been averaging a 2% increase in collections.

The chart and graph below illustrates a ten fiscal year history of the County's sales tax rates and the last five fiscal years of collections for each of the three entities assessing a transactions privilege tax:

County transaction privilege (sales) tax rate by entity - in Millions

Fiscal Year	General Fund	Jail District	Health District	Other CIP	Yuma County
2006-07	0.50%	0.50%	0.10%	0.50%	1.60%
2007-08	0.50%	0.50%	0.10%	-	1.10%
2008-09	0.50%	0.50%	0.10%	-	1.10%
2009-10	0.50%	0.50%	0.10%	-	1.10%
2010-11	0.50%	0.50%	0.10%	-	1.10%
2011-12	0.50%	0.50%	0.10%	-	1.10%
2012-13	0.50%	0.50%	0.10%	-	1.10%
2013-14	0.50%	0.50%	0.10%	-	1.10%
2014-15	0.50%	0.50%	0.112%	-	1.112%
2015-16	0.50%	0.50%	0.112%	-	1.112%





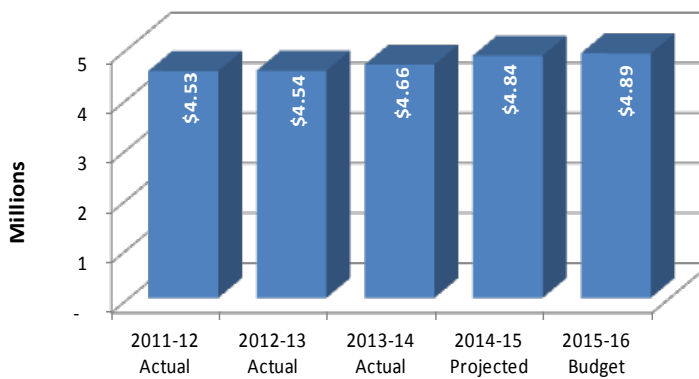
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AUTO IN LIEU TAX

This source is also referred to as vehicle license fees. It is collected and distributed by the State to counties, cities and towns based on population. A portion of this tax is for general uses (general fund) and the other portion is restricted to road maintenance. The transportation portion is then further split by the County; half for development and half for maintenance.

Auto in Lieu tax revenues of \$4.9 million account for 6.6% of the total general fund revenues, a 1% increase as compared to previous year.

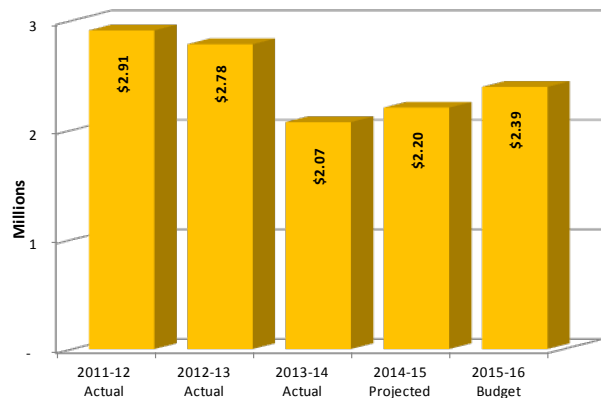
The chart below shows auto in lieu tax revenues over the last five fiscal years.



INDIRECT COST RECOVERY

Indirect cost recovery is a method of charging and recovering costs of services provided by central service departments of the general fund to other districts and funding sources where such recovery of costs are allowed. Some districts, such as the Jail and Health districts, directly charge some central services as they are provided, such as some custodial and accounting services. The direct charge approach is used when it is determined to be possible and most appropriate in the circumstance. The Indirect Cost Allocation Plan is prepared in compliance with OMB A-87 using a "double step-down" methodology.

Indirect cost recovery revenue of \$2.4 million accounts for 3.2% of the general fund revenue, a 9% increase as compared to previous year. The chart below shows indirect cost recovery revenues over the last five fiscal years.



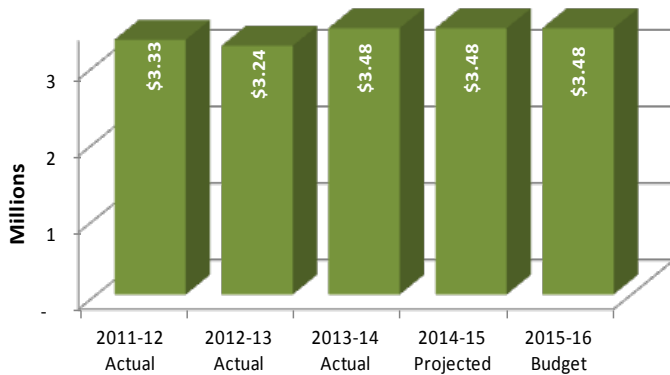


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FEDERAL PAYMENT IN LIEU TAX (PILT)

This source is payable from the Federal Government to compensate the County for Federal land that is reserved and, as a result, considered tax-exempt. The actual amount paid to the County each year is appropriated by the U.S. Congress.

Federal Payment in Lieu Tax (PILT) revenues of \$3.5 million account for 4.7% of the general fund revenue. It is anticipated to remain steady this fiscal year, which is consistent with three of the last four years. The chart below shows Federal PILT over the last five fiscal years.



ALL OTHER REVENUE SOURCES

Revenues categorized as non-major or all other revenue sources include: miscellaneous taxes, licenses and permits, intergovernmental, charges for services, fines and fees, investment income, and miscellaneous revenues which fall short in total dollars when compared to the top six major revenue sources. However, the contribution by all sources in this category is an integral part of the County's financial ability to deliver services.

All other revenues of \$5.8 million account for 7.9% of the general fund revenue; this is .9% less than the previous year. This group has remained fairly consistent over the last several years. The chart below shows all other revenue sources over the last five fiscal years.

